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May 20, 2010

**By ECF Filing**

Honorable Frederic Block  
United States Senior District Judge  
Eastern District of New York  
225 Cadman Plaza East  
Brooklyn, New York 11201

Re: State Farm Mutual Auto. Ins. Co. v. Schepp, et al.  
Docket No.: 1:07-CV-1353(FB)(SMG)  
Schepp, et al. v. AIU Insurance Company, et al.  
Docket No.: 1:08-CV-01914(FB)(SMG)

Dear Judge Block:

We represent State Farm Mutual Automobile Insurance Company in these matters.

We were in the process of preparing a letter to the Court when we received the Order of this morning in these two matters.

I am pleased to report that the settlement agreement has been signed by State Farm, the Schepp Defendants and the MCC Defendants. We have the signatures from the Schepp Defendants in our possession and expect to have signatures from the MCC Defendants in our possession this afternoon. Subject to coordinating with the Receiver's counsel in California, we will be filing the settlement agreement under seal with the California District Court and making a joint application for the Court's approval of the agreement next week. As soon as the California District Court approves the settlement, we will file the stipulations of dismissal with prejudice in these matters. As a result, the Court need not address the pending motion filed by the Schepp Defendants and the MCC Defendants.

With respect to 07-CV-1353, there remain two issues that need to be addressed that have nothing to do with the Schepp Defendants or the MCC Defendants. The first is the default that was entered



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against Hillel Sher and his companies. We would request that the Court refer the matter back to Magistrate-Judge Gold for a report and recommendation on damages against those defaulting parties. Second, there remain outstanding claims against Stanley Sonn, Multiple Billing Systems, LLC (the "Sonn Defendants" – represented by Matthew Conroy, Esq.) as well as John Sansone, Michael Mitzelmakher and Paramount Express Imaging, Inc. (the "Paramount Defendants" – represented by Jeffrey Baum). We have been actively discussing settlement with counsel for both groups of Defendants and would request two weeks to attempt to conclude the remaining issues.

The Court's attention to this request is greatly appreciated.

Respectfully submitted,

RIVKIN RADLER LLP

*Michael P. Versichelli*

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MPV:gb

cc: All Counsel of Record (via ECF)